press release

German Component Distribution Experiences Further Drop in Sales in the Second Quarter of 2024

Turnover in electronic component distribution (according to FBDi e.V.) declines by 38% in the second quarter of 2024. Incoming orders remain at a low level. Outlook for 2024 expected to remain negative.

Georg Steinberger: "As expected, 2024 is proving difficult. The order situation remains low and shows little positive momentum. Compared to other countries, Germany seems to have more than just an inventory problem."

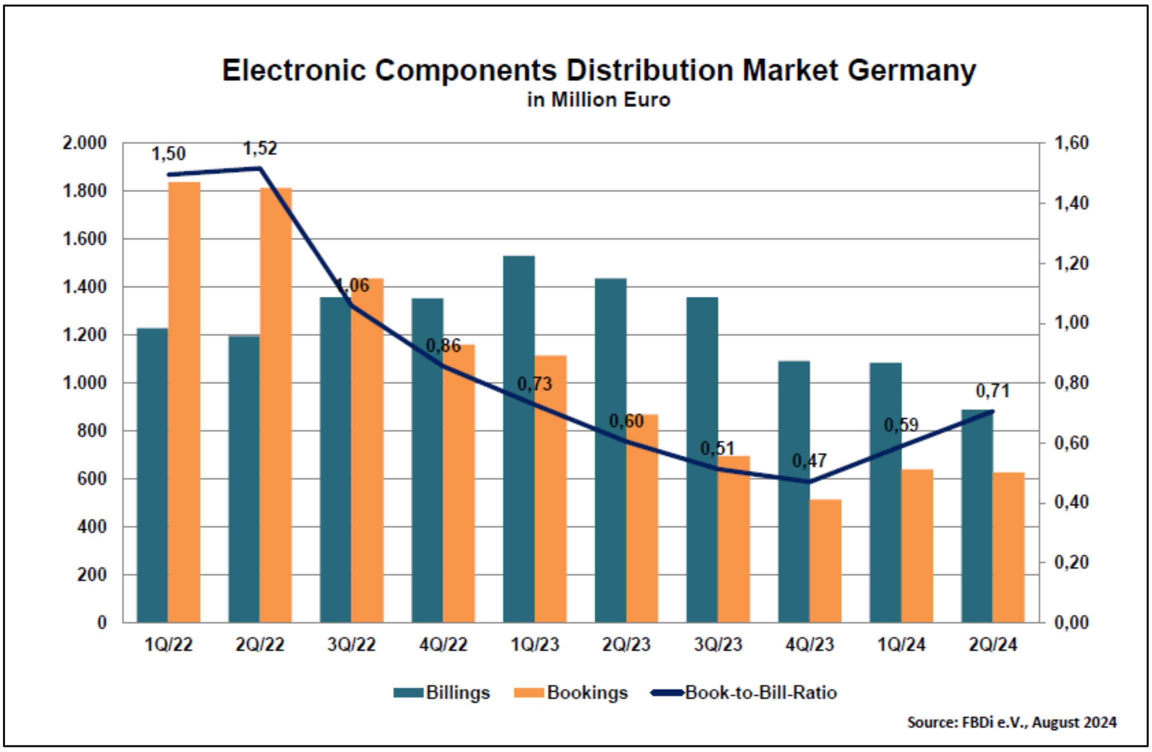
Berlin, 8 August 2024 - The sales and inventory records of recent years are currently being reversely reflected in the books of German component distributors. After -28% in the first quarter of 2024, the turnover figures of FBDi members fell by as much as 38% year-on-year to just under €890 million Euros in the second quarter of 2024, the lowest level since mid-2021. Incoming orders were also disappointing: at 628 million Euros (-28%), new orders were at the lower end of expectations. A turnaround is therefore not in sight, although the book-to-bill ratio rose slightly to 0.71 (due to weak sales).

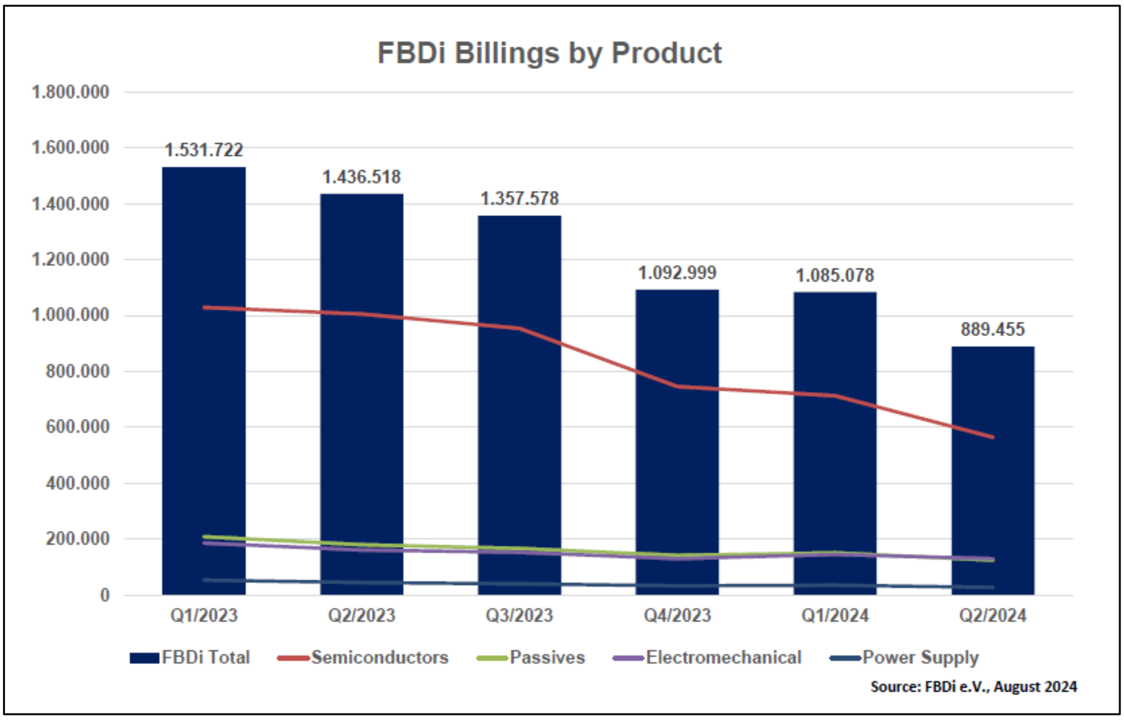
Semiconductors in particular remain critical. Semiconductor sales fell by a record 44% to 565 million Euros, incoming orders reached 365 million Euros, which is -27% compared to the same quarter last year, but still a slight sequential increase of 6% compared to Q1/24. Passive Components did slightly better, with Q2 sales down "only" 31% to 125 million Euros. Electromechanics performed comparatively well with a decline of 19% to 130 million Euros. The order situation in both segments was slightly better but showed no signs of stabilisation. Other components such as sensors, displays, power supplies and assemblies followed the general trend. The distribution of sales between the various component technologies shifted to the detriment of semiconductors, which now only account for 63% of the total pie.

FBDi CEO Georg Steinberger: "2024 proves difficult, as expected. As my board colleague Tom Gerhardt said a few months ago, 'after the booking pause comes the billing pause'. Orders remain at a low level and show little impetus for growth. Our positive impression from Spring has faded somewhat. Visibility in the supply chain to the end customer is worse than it has been for a long time. And compared to other countries, Germany doesn't just seem to have only an inventory problem."

Commenting on the situation, Steinberger says: "Germany is very dependent on automotive and industrial electronics, and industrial electronics is also affected by the fate of automotive production in Germany. We estimate that the market as a whole relies about 50% on the automobile. And this is precisely where things are going wrong at the moment, be it the botched e-mobility strategy or the weakness in exports of fossil-fueled vehicles. Coupled with the uncertainty among end customers due to the political and economic situation, not much good can be expected in the short term. However, plans for the digital and energy transformation that could drive our market forward have long been on the table. And there are also positive signs, for example in the production of renewable energy".

Nevertheless, the FBDi remains optimistic: "German industry has little to report in the current hype about artificial intelligence, so I expect little impetus for the components sector. But we have by no means written off the rebuilding of the European energy industry and the transition to an all-electric society. We are convinced that this can be achieved with European innovations, not just Chinese ones. Perhaps German society should not lose itself in pointless political polarisation and instead focus on what once made the German economy great: ideas and engineering skills. The FBDi has set itself the goal of increasingly promoting developments from German think tanks and universities that could be suitable for the mass market."





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Fachverband der Bauelemente Distribution e.V. (www.fbdi.de):
Founded in 2003, FBDi e.V. is an established player in the German association landscape and bundles the interests of its members from the distribution sector, who represent around three quarters of the sales volume of electronic components in Central Europe (DACH). In doing so, it oversees the entire electronics value chain.
In addition to the preparation and further development of data on the Central European distribution market, competence teams on important regulatory topics in the electronics industry (including CE, directives and ordinances) generate a high level of market-related competence. This qualifies the FBDi as a sought-after partner for politics, electronics manufacturers and customers.
Through its membership in the international distribution association IDEA, the FBDi exchanges information with other associations at the European level.

Member companies (as per July 2024):
Regular members: Acal BFi Germany; AL-Elektronik Distribution; Arrow Europe; Avnet EMG EMEA; Beck Elektronische Bauelemente; Blume Elektronik Distribution; Bürklin Elektronik; CODICO; Conrad Electronic; DACOM WEST; Distrelec; Ecomal Europe; Endrich Bauelemente; EVE; Future Electronics Deutschland; Glyn; Gudeco Elektronik; Haug Components Holding; Hy-Line Holding; JIT electronic; Kruse Electronic Components; MB Electronic; MEDI Kabel; Memphis Electronic; Menges Electronic; MEV Elektronik Service; mewa electronic; Mouser Electronics; Multi-Bauelemente-Service mbs; Neumüller Elektronik; pk components; Püplichhuisen; RS Components; Rutronik Elektronische Bauelemente; Schukat electronic; TTI Europe; WDI.
Supporting members: TDK Europe, Recom.

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